

CITY OF ARLINGTON  
Snohomish County, Washington  
January 1, 1995 Through December 31, 1995

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Schedule Of Findings

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1. City Officials Should Improve Control Over Traffic Citations

Our review of the traffic citations issued by the City of Arlington Police Department indicated numerical control over citation books was not maintained. We found that no comparison was made between citations issued to officers and those paid at the district court or the traffic violations bureau. City officials have police officers sign the back cover of the citation book as a receipt for each book they receive. The back cover receipt is used to enter the citation book into the log book to track the citations issued to officers. When a ticket is issued for a violation by an officer and when paid at the district court or traffic violations bureau, the record is entered by the police department into the county wide Records Management System (RMS). However, RMS reports are not used to verify all the citations issued to each officer have been accounted for by comparison with the log book. In addition, the police department files a copy of the paid tickets in numerical sequence but again it is not used to verify that all the tickets are accounted for by comparison with the back cover receipt or log book.

RCW 46.64.010 states in part:

Every traffic enforcement agency in this state shall provide in appropriate form traffic citation containing notices to appear which shall be issued in books with citations in quadruplicate and meeting the requirements of this section.

The chief administrative officer of every such traffic enforcement agency shall be responsible for the issuance of such books and shall maintain a record of every such book and each citation contained therein issued to individual members of the traffic enforcement agency and shall require and retain a receipt for every book so issued.

RCW 46.64.010 also states:

Such chief administrative officer shall also maintain or cause to be maintained in connection with every traffic citation issued by an officer under his supervision a record of the disposition of the charge by the court or its traffic violations bureau in which the original or copy of the traffic citation was deposited.

Every record of traffic citations required in this section shall be audited monthly by the appropriate fiscal officer of the government agency to which the traffic enforcement agency is responsible.

The police department and the traffic violations bureau both prepare records of the tickets issued by officers for violations. However, neither considered that they were not accounting for all tickets issued to the officers by comparison with the log book and/or back cover receipts.

City officials are unable to track the citations from issuance to disposition without verifying that all the tickets are accounted for. Tickets could be missing and the city would not detect it in a timely manner.

We recommend city officials improve control over traffic citations. Procedures should be established to verify that all citations issued receive a formal disposition.

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Schedule Of Federal Findings

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1. City Officials Should Receive Fair Market Value For Airport Property And Utilize Revenues For Airport Purposes

The U.S. Airport and Airway Improvement Act of 1982, as amended, (AAIA) requires that the city: (1) Maintain a fee and rental structure designed to make the airport as self-sustaining as possible and (2) Restrict the use of airport-generated revenue to airport capital and operating costs. Our test of U.S. Department of Transportation, Federal Aviation Administration (FAA) grant assistance provided to the City of Arlington disclosed that the city did not comply with these requirements. The Airport Fund did not receive approximately \$75,000 in rental income during 1995 and airport revenue was used to support approximately \$226,512 in General Fund expenditures without sufficient support during this period. City officials have been informed by U.S. Department of Transportation, Office of Inspector General auditors, who have also audited this activity, that they may require the city to reimburse the Airport Fund for costs which cannot be adequately documented and supported.

As a result of these conditions, we are questioning the unsupported costs and qualifying our opinion on the city's financial statements. The conditions could also jeopardize future federal assistance funding. The same conditions were reported in our prior audit report which included \$482,000 in questioned costs pertaining to the 1993 through 1994 period which have not been resolved.

AAIA Section 511(a)(9), and assurance number 24 included with the grant agreements from the FAA, requires the city maintain a fee and rental structure which makes the airport as self-sustaining as possible. Additionally, FAA Order 5190.6A, Airport Compliance Requirements, paragraph 4-18(1), requires that when the city's airport property is utilized for nonaviation use, it must produce income for the airport at fair market value (FMV) and be available to meet airport expenses. Also, such property may not be rented at a discount to support community nonprofit organizations or subsidized nonairport objectives.

We determined the city did not receive FMV for nearly 20 acres of airport property having an annual FMV of approximately \$75,000. The property was used for other municipal purposes and rented at a discount to support a nonprofit organization.

Officials thought the use of the property was allowable because FAA personnel had

observed the use of the property and because the use mitigates some of the impact on the community from the effect of development at the airport.

AAIA Section 511(a)(12), requires all revenue generated by the city's airport be expended for the capital or operating costs of the airport that are directly and substantially related to the actual air transportation of passengers or property. FAA Order 5190.6A, paragraph 4-20a(2)(c)(ii), states that clearly supportable and documented charges made by a governmental entity to reimburse that entity for payments of capital or operating costs of the airport may be allowed, but any charge must be supported by documented evidence. It also provides that a flat payment "in-lieu-of taxes" without such documentation is not acceptable.

The city was unable to provide sufficient documentation to justify administrative charges assessed the Airport Fund, or the "in-lieu-of" tax payments for fire and police service charges were airport operating costs, as described below:

- The city assessed the Airport Fund \$43,340 in administrative charges determined to be the airport's share of the city's overhead expenses, such as payroll, accounting, and purchasing expenses. However, these charges were not supported.
- The city assessed the Airport Fund \$120,120 and \$63,052 respectively for police and fire protection. These "in-lieu-of" tax payments were the city's estimate of the cost of police and fire protection for the airport. However, the city was unable to document the charge reflected actual police and fire costs.

In total, the city had unsupported assessments against airport generated revenues amounting to \$226,512. Officials charged the airport for the services because they thought the charges were a fair allocation of actual costs.

We recommend that the city officials:

- a. Establish and implement procedures that ensure the airport receives fair market value for airport property;
- b. Establish and implement procedures to ensure airport-generated revenues are properly used; and
- c. Reimburse the Airport Fund for any portion of the \$226,512 of questioned costs identified in this report that cannot be adequately documented and supported.